

SENATE BILL NO. 489

INTRODUCED BY V. COCCHIARELLA

A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 13, OF THE MONTANA CONSTITUTION TO ALLOW UP TO 25 PERCENT OF ~~ALL CERTAIN~~ PUBLIC FUNDS TO BE INVESTED IN PRIVATE CORPORATE CAPITAL STOCK; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Article VIII, section 13, of The Constitution of the State of Montana is amended to read:

"Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets. (1) The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. ~~Except as provided in subsections (3) and (4), no public~~ Public EXCEPT AS PROVIDED IN SUBSECTION (2) SUBSECTIONS (3) AND (4), UP TO 25 PERCENT OF PUBLIC funds ~~shall~~ may be invested in private corporate capital stock IN THE SAME MANNER THAT A PRUDENT EXPERT ACTING IN A FIDUCIARY CAPACITY AND FAMILIAR WITH THE CIRCUMSTANCES WOULD USE. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.

~~(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:~~

~~—— (a) Public securities of the state, its subdivisions, local government units, and districts within the state;~~

~~or~~

~~—— (b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or~~

~~—— (c) Such other safe investments bearing a fixed rate of interest as may be provided by law.~~

(2) THE PUBLIC SCHOOL FUND AND THE PERMANENT FUNDS OF THE MONTANA UNIVERSITY SYSTEM AND ALL OTHER STATE INSTITUTIONS OF LEARNING SHALL BE SAFELY AND CONSERVATIVELY INVESTED IN:

1 (A) PUBLIC SECURITIES OF THE STATE, ITS SUBDIVISIONS, LOCAL GOVERNMENT UNITS, AND DISTRICTS WITHIN
2 THE STATE, OR

3 (B) BONDS OF THE UNITED STATES OR OTHER SECURITIES FULLY GUARANTEED AS TO PRINCIPAL AND INTEREST
4 BY THE UNITED STATES, OR

5 (C) SUCH OTHER SAFE INVESTMENTS THAT A PRUDENT EXPERT ACTING IN A FIDUCIARY CAPACITY AND FAMILIAR
6 WITH THE CIRCUMSTANCES WOULD USE IN INVESTING A FUND GUARANTEED AGAINST LOSS OR DIVERSION.

7 ~~(3)(2)(3)~~ Investment of public retirement system assets shall be managed in a fiduciary capacity in the
8 same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use
9 in the conduct of an enterprise of a similar character with similar aims. ~~Public retirement system assets may be~~
10 ~~invested in private corporate capital stock.~~ PUBLIC RETIREMENT SYSTEM ASSETS MAY BE INVESTED IN PRIVATE
11 CORPORATE CAPITAL STOCK, AND THE RESTRICTIONS IN SUBSECTION (1) ON THE PERCENTAGE THAT MAY BE INVESTED
12 IN PRIVATE CAPITAL STOCK DO NOT APPLY.

13 ~~(4)(3)(4)~~ Investment of ~~state compensation insurance fund~~ STATE COMPENSATION INSURANCE FUND assets
14 shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity
15 and familiar with the circumstances would use ~~in the conduct of a private insurance organization~~ IN THE CONDUCT
16 OF A PRIVATE INSURANCE ORGANIZATION. STATE COMPENSATION INSURANCE FUND ASSETS MAY BE INVESTED IN PRIVATE
17 CORPORATE CAPITAL STOCK. HOWEVER, THE STOCK INVESTMENTS SHALL NOT EXCEED 25 PERCENT OF THE BOOK VALUE
18 OF THE STATE COMPENSATION INSURANCE FUND'S TOTAL INVESTED ASSETS. ~~State compensation insurance fund~~
19 ~~assets may be invested in private corporate capital stock. However, the~~ The stock investments shall not exceed
20 25 percent of the book value of the state compensation insurance fund's total invested assets."

21
22 NEW SECTION. Section 2. Effective date. This amendment is effective upon approval by the
23 electorate.

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25 NEW SECTION. Section 3. Submission to electorate. This amendment shall be submitted to the
26 qualified electors of Montana at the general election to be held in November 2008 by printing on the ballot the
27 full title of this act and the following:

28 [] FOR allowing up to 25% of all public funds PRESENTLY RESTRICTED TO FIXED INCOME INVESTMENTS
29 to be invested in private corporate capital stock.

30 [] AGAINST allowing up to 25% of all public funds PRESENTLY RESTRICTED TO FIXED INCOME

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